



AMERICAN ACADEMY of ACTUARIES

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NEWS RELEASE

FOR IMMEDIATE RELEASE
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American Academy of Actuaries Issues Discipline Notice

WASHINGTON—The American Academy of Actuaries announced that the following discipline action became effective on July 16, 2015.

Notice of Public Discipline

The American Academy of Actuaries (“Academy”), acting in accordance with its *Bylaws*, has reviewed the findings from the Actuarial Board for Counseling and Discipline (“ABCD”) and a decision by a Disciplinary Panel of the Joint Discipline Council regarding Kenneth P. Shapiro, MAAA, FSA. The Academy hereby suspends Mr. Shapiro’s membership in the Academy for one year for failing to comply with Precepts 1, 2, 3, and 12 of the *Code of Professional Conduct*.

Mr. Shapiro materially violated Precept 1 of the *Code of Professional Conduct*. Mr. Shapiro failed to perform professional services with skill and care while providing service as an expert witness because of the following.

1. Mr. Shapiro’s expert report was based upon a mistaken understanding of the minimum funding rules. Mr. Shapiro did not know that, as an alternative to using the segment rates under the Internal Revenue Code § 430 as modified by the Moving Ahead for Progress in the 21st Century (Map 21), a plan sponsor may elect to use the spot segment rates to determine a retirement plan’s minimum required contribution for a year.
2. Mr. Shapiro acknowledged that there are other methods but incorrectly asserted that the Map 21 rates were the only basis allowed by Congress to determine the funded status of a retirement plan.

(MORE)

Mr. Shapiro materially violated Precept 2 of the *Code of Professional Conduct* by failing to meet the requirements for continuing education prior to performing services as an expert witness. Mr. Shapiro admitted that he issued actuarial statements of opinion despite failing to meet his continuing education requirements. Mr. Shapiro incorrectly believed that his retirement status exempted him from continuing education obligations.

Mr. Shapiro materially violated Precept 3 of the *Code of Professional Conduct* by failing to ensure that professional services performed by him satisfied the Actuarial Standards of Practice (ASOPs). Section 3.8 of ASOP No. 17, *Expert Testimony by Actuaries*, states, “When the actuary testifies concerning other relevant testimony, including opposing testimony, the actuary should testify objectively, focusing on the reasonableness of the other testimony and not solely on whether it agrees or disagrees with the actuary’s own opinion.” Mr. Shapiro testified that any methodology other than the one he proposed was a violation of “actuarial practice and actuarial theory” in violation of ASOP No. 17.

Mr. Shapiro materially violated Precept 12 of the *Code of Professional Conduct* by wrongfully making use of the membership designations of the American Academy of Actuaries and the Conference of Consulting Actuaries while providing expert witness services by identifying himself as a current member of those organizations despite the fact that he was not.

Based upon the foregoing, Mr. Shapiro’s membership in the Academy is suspended for one year.

For more information, please contact Keith Jones, general counsel and director of professionalism for the American Academy of Actuaries, at 202.785.7885. For more information on the American Academy of Actuaries, please visit www.actuary.org.

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The American Academy of Actuaries is an 18,500-member professional association whose mission is to serve the public and the U.S. actuarial profession. The Academy assists public policymakers on all levels by providing leadership, objective expertise, and actuarial advice on risk and financial security issues. The Academy also sets qualification, practice, and professionalism standards for actuaries in the United States.